DIRECT TESTIMONY OF

ROSE JACKSON

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 2008-302-E

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Rose Jackson, and my business address is 1426 Main Street, 15th Floor, Columbia, South Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am employed by SCANA Services, Inc. as General Manager-Gas Supply and Capacity Management.

Q. PLEASE DESCRIBE YOUR DUTIES IN YOUR CURRENT POSITION?

A. In regard to this docket, I am responsible for gas supply, capacity and purchasing, functions for South Carolina Electric and Gas ("SCE&G") for the operations of its gas generating facilities. These responsibilities include procurement of gas supply and capacity, nominations and scheduling, gas accounting, and state and federal regulatory issues related to supply and capacity.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I graduated from the University of South Carolina in 1988 with a Bachelor of Science degree in Accounting. Following graduation, I worked for approximately three (3) years as an accountant for a national securities services firm. In 1992, I began my employment with SCANA Corporation as an Accountant working directly for SCANA Energy Marketing, Inc. Over the years, I have held varying positions of increasing responsibility including Energy Services Coordinator, where I was responsible for scheduling gas for the Atlanta Gas Light System; project manager for the implementation of an automated gas management system; and manager of operations. In 1998, I became responsible for gas procurement, interstate pipeline and local distribution company ("LDC") scheduling and preparation of gas accounting information. In May 2002 I became manager of operations and gas accounting with SCANA Services where I was responsible for gas scheduling on interstate pipelines and gas accounting for all subsidiaries of SCANA Corporation. In November 2003 I became Fuels Planning Manager where I assisted all of SCANA Corp. subsidiaries with strategic planning and special projects associated with natural gas. I held this position until promoted to my current position in December 2005.

Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION PREVIOUSLY?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my direct testimony is to provide an overview of the natural gas purchasing process for SCE&G generation and to discuss the volatility of natural gas prices and forecast during the current period.

Q. PLEASE PROVIDE AN OVERVIEW OF HOW YOUR DEPARTMENT MAKES PURCHASING DECISIONS.

A. The gas purchases made by Gas Supply and Capacity Management Department are driven by the needs of the electric generation group. Part of what we supply the Economic Resource Commitment Group is current market information that can be used in running resource commitment models for our electric generation plants. SCE&G's Economic Resource Commitment Group requests gas price quotes and market information from my department on a continual basis. This group uses current gas prices as inputs into their dispatch models to determine the most economic means of supplying electric needs, either through internal generation or off-system purchases.

The actual gas purchasing decisions are driven by the unit commitment decisions made by the Economic Resource Commitment Group. Once the decision is made that natural gas is the economical choice for providing reliable power to our customers, my department is directed to purchase gas supplies for delivery with a stated term and volume at the best available current market prices.

Q. DURING THE CURRENT PERIOD, WERE GAS PRICES MORE VOLATILE THAN NORMAL?

A. Yes, attached to my testimony, as Exhibit No. ___ (RJ-1), is a chart that compares the movement over time of the United States dollar index to crude oil prices and natural gas prices as traded on the New York Mercantile Exchange ("NYMEX"). The United States is competing in a world economy with growing demand for energy. The declining dollar value, impacted by the sub-prime loan crisis, contributed to escalating crude oil prices which in turn increased the comparative value of natural gas. With regards to natural gas prices, a cold January began a rally in the market moving prices from $7.50 per dekatherm on the first trading day of the year to a high of $10.29 per dekatherm in mid-March. In addition to weather, the increase in prices during the first quarter resulted from below average underground storage levels. Exiting the winter period, overall U.S. storage levels had been depleted to a higher degree than in the past year. Analysts began forecasting the need for increased storage injections to meet the upcoming winter needs and casted doubt on whether the market could refill storage to the 2007-2008 level. Thus, pressure increased on prices in the near term because the expectations were that storage holders would begin immediate injections. U.S. natural gas supply expectations were not being met due to a decline in Canadian imports coupled with liquefied natural gas ("LNG") cargoes being routed to Europe and Asia due to higher values in those markets when compared to the U.S.

market. Projections of an above normal hurricane season and warmer than normal summer temperatures heightened the concern of supply availability in the market.

The Southeast experienced unseasonably high temperatures (fifty percent above the thirty year cooling degree day average) in early June which continued to drive natural gas prices upward. As a result, the demand for natural gas to serve electric generation increased while national storage levels dropped below the five-year average. Natural gas prices continued to rise during the second quarter culminating with an all time summer high of $13.69 per dekatherm on July 2, 2008. Oil prices also continued to climb, reaching an all time high of $147.27 per barrel on July 11, 2008.

The U.S. dollar began to strengthen in the third quarter while crude oil and natural gas prices declined. New unconventional shale supplies came online at the end of the second quarter from the East Texas/Arkansas area which supplemented the LNG deficit due to continuing high prices in Europe and Asia. During this period, the storage deficit compared to last year has diminished significantly. As the Gulf recovers from Hurricanes Gustav and Ike, the market will likely resume its attempt to eliminate this storage gap. However, since last fall's ending storage balance set new records, a small deviation from last year's levels should not be problematic, especially in light of the increased flowing supply available to replace it. During the third quarter, natural gas prices moderated and traded in the $7.00 to $8.00 range.

Q. DOES SCE&G ANTICIPATE CONTINUED VOLATILITY IN THE NATURAL GAS MARKET?

A. Yes. My testimony has provided the Commission with a review of the dynamics of the natural gas markets during this exceptionally volatile period. My group will continue to monitor these markets closely and will use our best efforts to make reasonable and prudent purchases to serve the Company's electric customers. This presentation is meant to provide the Commission with a mid-period snapshot of these developments. The direct testimony of Mr. Rooks includes an updated forecast which takes into account the volatility of natural gas prices experienced as of August 31, 2008, and forecasted fuel prices through April 2009.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.